

AR35



A N N U A L R E P O R T 1 9 7 5

REVIEW IN BRIEF

	<u>1975</u>	<u>1974</u>
Ore milled, tons	391,969	328,099
Grade of mill feed	0.29	0.36
Gold recovered, ounces ..	98,437	101,514
Gross value of production ..	\$15,521,000	\$16,518,000
Operating income before write-offs	2,319,000	5,261,000
Exploration expenditures ..	1,237,000	673,000
Income taxes	394,000	1,735,000
Net income	305,000	2,779,000
Earnings per share	0.07	0.65
Dividends paid per share ..	0.40	0.50
Capital expenditures	775,000	318,000
Working capital at end of year	7,803,000	10,408,000
Average price received per oz. of gold	\$156.68	\$161.73

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, April 7, 1976, at 11:00 a.m. (E.S.T.)

Elizabeth Room, King Edward Hotel,
Toronto, Canada.

GIANT YELLOWKNIFE MINES LIMITED

33rd Annual Report



Production moves ahead at Giant's new open pit.



Exploration is in progress at the Salmita property, 150 miles north of Giant Yellowknife.

GIANT YELLOWKNIFE MINES LIMITED

Head Office: P.O. Box 40, Commerce Court West, Toronto
Mine Office: Yellowknife, N.W.T.

DIRECTORS

- A. J. ANDERSON
Consulting Mining Engineer
- C. R. ARCHIBALD
Partner, Law Firm of
Strathy, Archibald, Seagram & Cole
- *A. C. CALLOW
Retired
- D. J. EMERY
Vice-President Operations
of the Company
- E. L. HEALY
Executive Vice-President Operations,
Falconbridge Nickel Mines Limited
- W. F. JAMES
Partner, James & Buffam,
Consulting Geologists
- G. P. MITCHELL
Vice-President of Company and Vice-President
Exploration and Development,
Falconbridge Nickel Mines Limited
- *J. R. SMITH
President and Managing Director of
Company and Vice-President Eastern Minerals
Division, Falconbridge Nickel Mines Limited
- *J. D. STREIT
Geologist, President,
Yellowknife Bear Mines Ltd.
- *Members of the Audit Committee

OFFICERS

- J. R. SMITH
President and Managing Director of Company
and Vice-President
Eastern Minerals Division,
Falconbridge Nickel Mines Limited
- G. P. MITCHELL
Vice-President of Company and Vice-President
Exploration and Development,
Falconbridge Nickel Mines Limited
- D. J. EMERY
Vice-President Operations
of the Company
- W. R. ROBERTSON
Secretary of Company and other
Companies associated with
Falconbridge Nickel Mines Limited
- J. D. KRANE
Treasurer of Company and Assistant
Vice-President Corporate Affairs,
Falconbridge Nickel Mines Limited
- J. F. GILLIES
Controller of Company and other
Companies associated with
Falconbridge Nickel Mines Limited

CONSULTANTS

- J. M. MORTIMER, Metallurgical
- L. A. WRIGGLESWORTH, Geological
-

TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario

REGISTRAR AND TRANSFER COMPANY
140 Cedar Street, New York, 7, N.Y.

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

AUDITORS

THORNE RIDDELL & CO.
Toronto, Ontario

SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE
Toronto, Ontario

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

On behalf of the Board of Directors we are pleased to submit the Corporation's 33rd Annual Report together with the Consolidated Financial Statements for 1975.

In addition to carrying out its mining and ore treatment operations, the Corporation last year undertook the largest prospecting and exploration program in its history. The Corporation's operating properties are located at Yellowknife in the Northwest Territories of Canada. It also carries out the mining and treatment of ore from two contiguous properties on behalf of its subsidiaries, Lolor Mines Limited and Supercrest Mines Limited, owned 87.5% and 50% respectively.

Mill throughput increased in 1975 to 392,000 tons from 328,000 tons in 1974. The increase was made possible by additions of open pit ore which amounted to 25% of the production. However as a result of lower grades gold production for the year decreased by 3% to 98,000 ounces from 102,000 ounces produced in 1974. These lower grades were due to processing the open-pit development ore and mining at a higher rate from long hole stopes in a leaner part of the mine to keep up production.

In addition to the decline in bullion production, earnings were adversely affected by the decline in gold prices during the year and continuing inflationary trends. The average price received by the Corporation was Canadian *\$156.68 per ounce compared to \$161.73 per ounce in 1974. At year-end the price stood at \$140.25 per ounce.

As apparent from the following comparative tables, both the level of the price of gold and the ability to mine and process ore of low gold content profitably are key factors not only in determining the level of earnings for the Corporation, but also in establishing ore reserves and hence the life of the mine.

* All amounts are expressed in Canadian currency except as otherwise designated.

OPERATIONS AND FINANCIAL SUMMARY

	1975	1974	1973	1972	1971
Giant					
Ore milled, tons	341,761	254,918	271,350	264,114	267,128
Gold recovered, ounces	81,246	71,095	102,321	128,272	141,982
Lolor					
Ore milled, tons	18,338	25,460	57,737	71,422	75,209
Gold recovered, ounces	4,270	6,367	23,469	33,471	39,604
(87½ per cent owned by Giant Yellowknife Mines Limited)					
Supercrest					
Ore milled, tons	31,870	47,721	60,373	65,736	61,482
Gold recovered, ounces	12,921	24,052	32,503	39,443	36,116
(50 per cent owned by Giant Yellowknife Mines Limited)					
Consolidated					
Ore milled, tons	391,969	328,099	389,460	401,272	403,819
Average tons per day	1,074	899	1,067	1,096	1,106
Calculated mill heads (oz. gold per ton)	0.29	0.36	0.46	0.56	0.62
Mill recovery, per cent	87.76	87.18	88.52	89.34	86.89
Total recovery					
Gold, ounces	98,437	101,514	158,293	201,186	217,702
Silver, ounces	21,473	21,378	32,690	39,731	44,063
Consolidated Financial Summary					
Net value of production	\$15,378,000	\$16,382,000	\$17,054,000	\$11,990,000	\$ 9,133,000
Operating and administrative costs	13,059,000	11,121,000	9,299,000	8,507,000	7,609,000
Operating profit before the undernoted items	2,319,000	5,261,000	7,755,000	3,483,000	1,524,000
Depreciation, depletion and amortization	813,000	135,000	493,000	555,000	612,000
Exploration expenses	1,237,000	673,000	493,000	444,000	353,000
Operating income	269,000	4,453,000	6,769,000	2,484,000	559,000
Income from investments	(690,000)	(847,000)	(643,000)	(108,000)	(302,000)
Income taxes	394,000	1,735,000	2,412,000	621,000	53,000
Minority interest	260,000	786,000	729,000	502,000	46,000
Net income	\$ 305,000	\$ 2,779,000	\$ 4,271,000	\$ 1,469,000	\$ 762,000
Earnings per share	.07	0.65	0.99	0.34	0.18
Dividends paid per share	.40	0.50	0.60	0.40	0.40
Working capital	\$ 7,803,000	\$10,308,000	\$ 9,972,000	\$ 7,796,000	\$ 7,381,000
Average price per ounce of gold	156.68	161.73	108.03	59.87	38.47
Operating costs per ton (before write-offs)	\$33.32	\$33.90	\$23.88	\$21.20	\$18.84

TABLE SHOWING YEAR END ESTIMATES OF ORE RESERVES (000 tons)

	1975		1974		1973		1972		1971		1970	
	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton	Tons	Grade Oz. Gold per ton
Giant												
Active stopes	1,137	0.33	1,453	0.33	886	0.35	475	0.51	379	0.66	456	0.67
Pillars	—	—	—	—	17	0.65	32	0.65	19	0.73	47	0.77
Other developed ore	260	0.33	266	0.32	88	0.45	24	0.59	44	0.58	159	0.62
Open pit	352	0.30	453	0.30	—	—	—	—	—	—	—	—
Total Giant	1,749	0.32	2,172	0.32	991	0.36	531	0.52	442	0.66	662	0.67
Lolor												
Active stopes	76	0.34	94	0.32	94	0.37	95	0.51	128	0.67	251	0.67
Pillars	—	—	—	—	—	—	—	—	—	—	—	—
Other developed ore	—	—	—	—	—	—	—	—	5	0.53	5	0.54
Total Lolor	76	0.34	94	0.32	94	0.37	95	0.51	133	0.66	256	0.67
Supercrest												
Active stopes	125	0.46	134	0.47	88	0.62	113	0.68	106	0.70	124	0.65
Pillars	—	—	—	—	—	—	—	—	18	0.71	6	0.66
Other developed ore	—	—	—	—	—	—	6	0.52	—	—	18	0.71
Total Supercrest	125	0.46	134	0.47	88	0.62	119	0.67	124	0.70	148	0.66
Total developed ore												
at year end	1,950	0.33	2,400	0.33	1,173	0.38	745	0.54	699	0.67	1,066	0.67

NOTE: In estimating ore reserves at the end of each of the above years, regard was given to the prevailing price of gold and to anticipated operating costs.

After mining 392,000 tons in 1975, the ore reserves calculated at year-end of 1,950,000 tons at 0.33 ounces of gold per ton, showed a decrease of 450,000 tons from the prior year-end. Approximately 72,000 tons of new ore were found by diamond drilling; however, the lower gold price necessitated raising cut-off grades and deleting tonnages from reserves that more than offset the ore found by drilling.

Exploratory drilling at the Giant property revealed no significant new ore zones. However, there remain areas that require further exploration.

OPERATING COSTS AND CAPITAL EXPENDITURES

Consolidated operating costs increased from \$11,121,000 to \$13,059,000 as a result of the higher production, continuing inflationary trends and increased expenditures for tailings dam improvements and open pit development. In 1975 expenditures on the open pit increased to \$1,462,000 from \$897,000 in the previous year. The company will benefit from these expenditures in 1976. Because of higher throughput, unit costs decreased from \$33.90 per ton milled in 1974 to \$33.32 per ton.

Capital expenditures increased from \$318,000 to \$775,000 in an effort to further mechanize underground operations and help to offset labour shortages, and to provide more living accommodation as an aid in reducing employee turnover. Additions to and replacements of existing plant facilities were also necessary.

SUMMARY OF 1975 RESULTS BY QUARTERS

The following is a consolidated statement of earnings for each quarter of 1975.

	1975 Three Months Ended				
	Mar. 31	June 30	Sept. 30	Dec. 31	Total
OPERATING RECORD					
Ore milled, tons	83,329	98,755	103,281	106,604	391,969
Average per day, tons	936	1,085	1,123	1,159	1,074
Average millheads per ton	.304	.280	.267	.297	.286
Gold recovered, ounces	22,147	24,083	23,973	28,234	98,437
Silver recovered, ounces	4,684	5,748	4,908	6,133	21,473
STATEMENT OF EARNINGS (000)					
Metal production (less marketing charges)	\$ 3,817	\$ 4,059	\$ 3,740	\$ 3,762	\$ 15,378
Operating expenses	3,194	3,333	3,151	3,381	13,059
	623	726	589	381	2,319
Depreciation and amortization	186	186	186	255	813
Outside Exploration	157	384	574	122	1,237
	343	570	760	377	2,050
	280	156	(171)	4	269
Non-operating revenue	179	165	173	173	690
	459	321	2	177	959
Income taxes	171	134	32	57	394
	288	187	(30)	120	565
Minority interest in earnings of subsidiary companies	105	128	30	(3)	260
Earnings for the period	\$ 183	\$ 59	\$ (60)	\$ 123	\$ 305
Earnings per share	\$.04	\$.01	\$ (.01)	\$.03	\$.07
Average price per ounce of gold produced	\$ 172.66	\$ 168.95	\$ 156.47	\$ 133.86	\$ 156.68

UNDERGROUND AND OPEN PIT OPERATIONS

Giant Mine

Giant production was 342,000 tons at an overall grade of 0.271 ounces of gold per ton compared to 255,000 tons at 0.320 ounces of gold per ton in 1974. Approximately 29% of the production was obtained from the open pit. Because of lower grades and higher costs, operating profit declined to \$1,100,000 from \$2,773,000 in 1974 despite the higher production.

Significant mine developments included commencement of full-scale production from the open pit, a start on pillar recovery in higher-grade portions of upper B-Shaft and expansion of long-hole stope work in the upper C-Shaft area. At year-end 98,000 tons of pit ore were stockpiled for processing in 1976.

Lateral advance of 8,774 feet was 34% below forecast due to a continuing shortage of development miners.

Diamond drilling totalled 150,000 feet in 854 holes, indicating 60,000 tons of new ore. However, the lower gold price necessitated raising cut-offs and deleting prior reserve tonnages which more than offset these new reserves.

Lolor Mine

Because of manpower shortages, production at Lolor of 18,000 tons was below the 25,000 tons obtained in 1974. Grade of 0.265 ounces of gold per ton was also below the 0.286 ounces of gold per ton of last year. A limited program of underground diamond drilling did not add to reserves.

Supercrest Mine

Due to a shortage of stope miners, Supercrest production was 32,000 tons compared to 48,000 tons in 1974. Grade of ore declined from 0.578 ounce of gold per ton in 1974 to 0.463 ounce of gold per ton in 1975.

Lateral advance of 1,536 feet was made in three headings, one of which, the decline from the 1,100-foot level, was extended 921 feet, essentially to completion. Only draw points and sill work are required to prepare the stoping block below the 1,100-foot level for production. Raise development totalled 251 feet in four headings, three for stope work above 950 sub-level and one for ventilation in S12-80 Stope. Underground diamond drilling totalled 10,700 feet in 73 holes adding approximately 12,000 tons of new ore.

Treatment Plant

Total gold recovery was 87.76%, an improvement over the previous year's 87.18%. Lower grade ore treated had an adverse effect on flotation but recoveries in other sections of the plant were exceptionally good.

Exploration Activities

Exploration expenditures were at an all-time high, largely attributable to underground development and drilling at the Salmita gold property. Drill programs were also carried out for gold at the Arcadia property, and for base metals elsewhere in the N.W.T., Yukon, Saskatchewan and Quebec. No new ore bodies were encountered although good grade gold intersections were obtained at Salmita, and some encouragement was received in Quebec. A summary of the work follows:

Northbelt

A start was made on a re-evaluation of work done to date, in an attempt to define suitable drill targets. Further work is planned for 1976.

Salmita

A program of underground exploration and surface diamond drilling was carried out on the Salmita property, which is located approximately 150 miles north of Yellowknife, and which is held under option. A decline of 1,050 feet was driven and 8,800 feet of diamond drilling were completed in 20 holes. A reserve of 135,000 tons (including dilution) was indicated grading 0.632 ounces gold per ton to a depth of 600 feet. Reserves so far established are insufficient to warrant putting this property into production and a diamond drill program is planned for 1976 in search of additional tonnage.

Arcadia

Your Corporation optioned a large gold property on the Coronation Gulf located 370 miles north of Yellowknife. A drill program of 18 holes totalling 4,300 feet was completed on two of the better quartz veins on the property, with disappointing results. Some follow-up work is planned in 1976.

Clermont

The Corporation continued to participate with a partner in Quebec on exploration for base metal sulphides. A drill program of 5,800 feet in 11 holes was completed in Clermont Township. Some values of copper and zinc were obtained, warranting follow-up work.

Other Exploration

Exploration continued for base metal sulphides near Wrigley, Northwest Territories, west of Yellowknife. Five drill holes were completed on one showing but with disappointing results.

Drilling also continued on the Bonnet Plume property in the Yukon with four holes completed. Only weak sulphides were encountered and the option has been dropped.

Drilling was completed on the copper property in Saskatchewan, referred to in last year's report. The results did not warrant further work.

Prospecting work was also carried out in the Mackenzie mountains, near the Canol Road, in a partnership with two other companies. Twenty claims were staked on a zinc showing.

SUDBURY BASIN DIVISION

Work by a predecessor company between 1952 and 1956 indicated large, relatively low-grade base metal deposits containing copper, lead and zinc, with some gold and silver, of a character that presented serious metallurgical problems. In those years considerable sums were spent on research without finding a solution to these problems. Since the property was acquired, Giant Yellowknife Mines Limited has also conducted several research programs but without success. As a result, no further metallurgical research programs are planned at this time.

At present the shafts are flooded, and a major dewatering and rehabilitation program would be required to provide fresh samples for further metallurgical investigation. As the mineral deposits at Sudbury Basin division cannot be mined and treated profitably at the present time, they cannot be classified as commercial ore.

ENVIRONMENTAL CONTROL

Your Corporation reported in last year's Annual Report that some publicity had grown out of alleged contamination in the Yellowknife area. A release by the Department of Health and Welfare in October, following a comprehensive series of clinical and laboratory examinations, showed that gold mine operations in Yellowknife do not pose a health hazard to the general population.

Environment-related costs were substantial, with \$457,000 expended for excavation of an arsenic disposal silo underground, and \$737,000 for improvements in the tailings disposal area. These costs are being written off over four years.

Environmental studies are continuing in co-operation with the Federal Government.

GENERAL

Labour shortage and high employee turnover continued to have an adverse effect on the operations. At year-end the work force was up to 353 from the 327 reported last year. Although high, labour turnover decreased from 190% to 179%.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the efficient services rendered by the employees under the management of Mr. D. J. Emery. In September, Mr. Emery was appointed a Director and Vice-President Operations. Mr. W. A. Moore succeeded Mr. Emery as Mine Manager in January 1976.

The Directors also wish to record their appreciation for the services rendered by Mr. D. R. DeLaporte during his many years with the Corporation. Mr. DeLaporte resigned as President and Managing Director in September 1975.

Dr. B. S. W. Buffam, a geologist of international reputation, who had acted as a director of the Corporation since 1953, died in May of last year. Dr. Buffam contributed immeasurably to the Company's success and his advice and counsel will be greatly missed by the Directors and Management.

On behalf of the Board,

J. R. SMITH,

President and Managing Director.

Toronto, Ontario,
February 19, 1976.

The shares of the Corporation are listed and traded on the Toronto and American Stock Exchanges, the latter being the principal market. The sale prices and dividends paid for the following quarterly periods are as tabulated*below.

		1975		Dividends Paid Per Share in Canadian Funds			1974		Dividends Paid Per Share in Canadian Funds
		High	Low				High	Low	
March	31	U.S.\$13 ³ / ₈	U.S.\$9 ⁵ / ₈	10 cents	March	31	U.S.\$27 ¹ / ₄	U.S.\$11	10 cents
June	30	11 ³ / ₄	9	10 cents	June	30	22 ⁷ / ₈	12 ³ / ₈	20 cents
September	30	11 ¹ / ₄	6 ³ / ₄	— cents	September	30	21	7 ¹ / ₄	10 cents
December	31	8 ¹ / ₄	5 ¹ / ₂	20 cents	December	31	15 ⁵ / ₈	8 ⁵ / ₈	10 cents

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED BALANCE SHEET

ASSETS		
CURRENT ASSETS	1975	1974
Cash and short term securities, at cost which approximates market value	\$ 5,637,550	\$ 8,038,251
Bullion, at estimated net realizable value (note 2)	1,958,090	2,494,414
Accounts and accrued interest receivable	80,454	210,151
Income taxes recoverable	51,710	—
Supplies, at average cost	1,263,382	1,104,124
Prepaid expenses and deposits	59,885	102,102
	<u>9,051,071</u>	<u>11,949,042</u>
FIXED ASSETS		
Buildings, machinery and equipment, at cost	16,204,438	15,441,569
Less accumulated depreciation	15,608,876	15,119,376
	595,562	322,193
Mining claims and properties, at cost less depletion	542,137	542,293
	<u>1,137,699</u>	<u>864,486</u>
OTHER ASSETS		
Shares in and advances to other mining companies, at cost less amount written off	161,221	160,221
Deferred charges, less amortization	842,855	—
	<u>1,004,076</u>	<u>160,221</u>
	<u>\$11,192,846</u>	<u>\$12,973,749</u>

AUDITORS' REPORT

To the Shareholders of
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1975 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 19, 1976

THORNE RIDDELL & CO.,
Chartered Accountants

AS AT DECEMBER 31, 1975

(with comparative figures at December 31, 1974)

LIABILITIES

CURRENT LIABILITIES

	1975	1974
Accounts payable and accrued liabilities	\$ 1,229,453	\$ 1,099,418
Income taxes payable	—	268,589
Government royalties payable	19,045	172,672
	<u>1,248,498</u>	<u>1,540,679</u>

MINORITY INTEREST

Interest of minority shareholders in subsidiary companies	<u>467,268</u>	<u>540,179</u>
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares	5,700,000	5,700,000

CONTRIBUTED SURPLUS	2,637,276	2,637,276
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RETAINED EARNINGS	1,139,804	2,555,615
	<u>9,477,080</u>	<u>10,892,891</u>

Approved by the Board

J. R. SMITH, Director

J. D. STREIT, Director

	<u>\$11,192,846</u>	<u>\$12,973,749</u>
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1975

1. ACCOUNTING POLICIES

(a) Consolidation Policy

The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 common shares) of the 665,010 common shares are held.

(b) Inventories — Bullion and Supplies

Bullion is valued at estimated net realizable value and revenue is reflected in the statement of income on completion of production. Supplies are valued at average cost.

(c) Depreciation and Amortization

Depreciation of building, machinery and equipment acquired subsequent to January 1, 1973 is provided on the units of production method to amortize the cost over the mine life based on estimated ore reserves at January 1, 1973. All plant acquired prior to that date had been fully depreciated by December 31, 1973.

Depletion provided to December 31, 1973 has fully amortized the cost of the Yellowknife mining claims. The unamortized balance relates to the non-producing Sudbury Basin property and land in the Town of Yellowknife.

Deferred charges are being amortized over the estimated life of the mine.

(d) Exploration Policy

Exploration expenditures are charged against current earnings as incurred.

2. BULLION

The estimated net realizable value of bullion on hand has been determined at December 31, 1975 using a value of gold of \$130.00 per ounce (1974, \$165.00 per ounce).

3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Business Corporations Act of Ontario, amounted to \$168,157 for 1975 and \$159,020 for 1974.

4. ANTI-INFLATION ACT

The company is subject to the Anti-Inflation Act which provides, as from October 14, 1975, for the restraint of profit margins, prices, dividends and compensation. In the opinion of management, the provisions of this act have no significant effect on the company's earnings for the year ended December 31, 1975, but will limit dividends that could be paid or declared in the twelve months ending October 13, 1976 to \$0.50 per share.

GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary companies

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1975

(with comparative figures for 1974)

	1975	1974
BALANCE AT BEGINNING OF YEAR		
As previously reported	\$ 2,455,615	\$ 1,828,317
Adjustment of prior year's income taxes	100,000	100,000
As restated	2,555,615	1,928,317
Net income	305,357	2,778,759
	2,860,972	4,707,076
Deduct dividends paid — 40¢ per share (50¢ in 1974)	1,721,168	2,151,461
BALANCE AT END OF YEAR	<u>\$ 1,139,804</u>	<u>\$ 2,555,615</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1975

(with comparative figures for 1974)

	1975	1974
WORKING CAPITAL DERIVED FROM		
Operations	\$ 1,377,769	\$ 3,700,915
WORKING CAPITAL APPLIED TO		
Dividends paid	1,721,168	2,151,461
Additions to fixed assets, less disposals	774,842	317,636
Dividends to minority shareholders of subsidiary companies	332,505	893,762
Deferred charges	1,154,044	—
Other applications	1,000	2,000
	3,983,559	3,364,859
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(2,605,790)</u>	<u>336,056</u>
WORKING CAPITAL AT BEGINNING OF YEAR		
As previously reported	10,308,363	9,972,307
Adjustment of prior year's income taxes	100,000	100,000
As restated	10,408,363	10,072,307
WORKING CAPITAL AT END OF YEAR	<u>\$ 7,802,573</u>	<u>\$10,408,363</u>

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1975

(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
REVENUE		
Gold and silver production	\$15,520,716	\$16,517,744
Deduct marketing expenses	142,746	135,428
	<u>15,377,970</u>	<u>16,382,316</u>
EXPENSES		
Operating expenses	12,712,544	10,598,075
Government of Canada royalty	22,000	175,000
Administrative and corporate expenses	324,656	347,799
	<u>13,059,200</u>	<u>11,120,874</u>
Operating income before the undernoted items	2,318,770	5,261,442
Depreciation	501,628	135,477
Amortization of deferred charges	311,189	—
Exploration expenses	1,236,739	672,762
	<u>2,049,556</u>	<u>808,239</u>
Operating income	269,214	4,453,203
Income from investments	689,737	847,235
	958,951	5,300,438
Income taxes	394,000	1,735,000
	<u>564,951</u>	<u>3,565,438</u>
Minority interest in net income of subsidiary companies	259,594	786,679
NET INCOME	<u>\$ 305,357</u>	<u>\$ 2,778,759</u>
 EARNINGS PER SHARE	 \$.07	 \$.65

COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Ore Milled Tons	Calculated Mill Heads Oz. gold Per Ton	Estimated E.G.M.A. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	.....	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	.....	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	.....	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	.....	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	.....	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	.....	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	.....	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	.....	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	265,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	427,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	1,059,000	8,328,261	36.47	7,483,992	17.62
1971	403,819	0.621	783,000	8,350,188	38.47	7,609,781	18.84
1972	401,272	0.561	.....	11,990,328	59.87	8,506,758	21.20
1973	389,460	0.459	.....	17,054,358	108.03	9,298,649	23.88
1974	328,099	0.355	.....	16,382,316	161.73	11,120,874	33.90
1975	391,969	0.286	.....	15,377,970	156.68	13,059,200	33.32
	<u>8,841,261</u>	<u>0.675</u>	<u>\$7,485,907</u>	<u>\$225,649,033</u>	<u>\$ 44.64</u>	<u>\$147,126,144</u>	<u>\$ 16.64</u>

PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
\$ 1,006,227	\$ 11.85	\$ 859,567	\$ 6,790	\$	\$	\$ 153,450	\$
1,514,330	12.00	1,039,854	5,237	.....	.....	479,713	.....
2,428,839	16.00	1,254,505	6,334	.....	.....	1,180,668	.....
1,810,567	10.92	1,659,109	7,981	.....	.....	159,439	.....
3,130,843	12.75	1,673,329	4,906	.....	.....	1,462,420	800,000
3,305,876	11.98	1,854,444	22,793	12,000	.....	1,462,225	1,600,000
2,663,879	9.29	1,738,576	14,728	4,000	.....	936,031	1,400,000
2,071,541	6.96	1,354,636	71,219	.....	.....	788,124	1,200,000
2,267,182	7.32	1,355,458	51,901	4,000	.....	959,625	600,000
1,799,328	6.22	1,118,946	59,919	4,000	.....	736,301	1,200,000
2,629,723	8.19	1,096,477	51,060	85,000	.....	1,499,306	1,200,000
3,323,945	9.19	1,243,404	103,858	490,000	.....	1,694,399	1,800,000
1,550,719	8.56	829,368	86,158	.....	.....	807,509	860,541
3,752,086	10.24	1,579,897	160,058	.....	.....	2,332,247	1,936,290
4,701,572	12.51	1,029,749	245,321	(30,477)	.....	3,947,621	3,012,027
4,495,237	11.58	879,752	308,635	.....	.....	3,924,120	4,302,903
5,331,025	13.31	855,679	332,850	.....	.....	4,808,196	4,302,910
4,478,292	11.34	802,319	449,827	580,000	.....	3,545,800	4,302,917
3,326,509	8.65	979,060	308,537	620,000	.....	2,035,986	2,581,752
2,214,010	6.92	948,305	363,849	300,000	(38,458)	1,368,012	1,721,167
2,999,001	8.00	721,400	358,715	720,000	12,267	1,904,049	1,721,168
2,961,898	7.41	837,589	355,624	645,300	(65,372)	1,900,005	1,721,168
1,903,269	4.48	728,703	396,451	266,700	(30,951)	1,335,268	1,721,168
1,523,407	3.77	965,039	302,475	53,000	45,930	761,913	1,721,168
3,483,570	8.68	1,148,922	257,777	621,000	502,039	1,469,386	1,721,168
7,755,709	19.91	986,013	642,789	2,412,000	729,017	4,271,468	2,581,753
5,261,442	16.04	808,239	847,235	1,635,000	786,679	2,878,759	2,151,461
2,318,770	5.92	2,049,556	689,737	394,000	259,594	305,357	1,721,168
<u>\$86,008,796</u>	<u>\$ 9.72</u>	<u>\$32,397,895</u>	<u>\$6,512,764</u>	<u>\$8,815,523</u>	<u>\$2,200,745</u>	<u>\$49,107,397</u>	<u>\$47,880,729</u>



MINE OPERATING OFFICIALS

W. A. MOORE	-	-	-	-	-	-	Mine Manager
G. A. AALTONEN	-	-	-	-	-	-	Mine Superintendent
H. E. PAWSON	-	-	-	-	-	-	Mill Superintendent
C. M. WILKINSON	-	-	-	-	-	-	Electrical Superintendent
R. W. SPENCE	-	-	-	-	-	-	Exploration Superintendent
H. B. BYE	-	-	-	-	-	-	Master Mechanic
J. A. CROSSFIELD	-	-	-	-	-	-	Construction Foreman
B. SKUPNJAK	-	-	-	-	-	-	Acting Mine Engineer
B. F. WATSON	-	-	-	-	-	-	Chief Geologist
A. A. INCH	-	-	-	-	-	-	Mine Geologist
L. F. G. BORDEN	-	-	-	-	-	-	Mine Accountant
J. W. McKAY	-	-	-	-	-	-	Purchasing Agent
R. D. KAPICKI	-	-	-	-	-	-	Personnel Supervisor
G. C. PUECH	-	-	-	-	-	-	Chief Safety Officer

